

Financial Statements for Fiscal 2008
(April 1, 2008 to March 31, 2009)

Nippon Steel Chemical Co., Ltd.

Consolidated Operating Performances

March 31, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars
	2009	2008	<i>Increase or decrease from previous term</i>	2009
Net sales	211,846	288,888	(77,041)	2,155,974
Operating income	924	23,849	(22,925)	9,404
Ordinary profits	(594)	23,111	(23,706)	(6,045)
Net income	(17,613)	10,583	(28,197)	(179,249)

Note: U.S.\$ amounts are calculated solely for the reader's convenience, at the rate of US\$1=¥98.26 for the year ended March 31, 2009.

Consolidated Balance Sheets

March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
ASSETS			
Current assets:	53,257	87,422	542,001
Cash and bank deposits	1,364	2,428	13,882
Notes and accounts receivable-trade:	23,094	48,016	235,030
Inventories	19,751	23,454	201,008
Other	9,048	13,532	92,082
Allowance for doubtful accounts	(-1)	(-9)	(-10)
Fixed assets:	77,044	94,720	784,083
Tangible fixed assets:	53,900	57,143	548,545
Buildings and structures	17,815	18,435	181,305
Machinery and equipment	16,789	19,911	170,863
Land	16,499	16,659	167,912
Other	2,796	2,137	28,455
Intangible fixed assets:	48	231	488
Investments in securities and other assets:	23,094	37,345	235,030
Investments in securities	16,039	19,228	163,230
Deferred tax assets	1,667	12,625	16,965
Other	6,105	6,304	62,131
Allowance for doubtful accounts	(-717)	(-814)	(-7,297)
Total assets	130,302	182,143	1,326,094

Consolidated Balance Sheets

March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
LIABILITIES			
Current liabilities	59,524	82,059	605,781
Notes and accounts payable-trade:	11,112	40,721	113,088
Short-term loans	33,683	25,017	342,795
Accrued expenses	6,239	7,696	63,495
Other	8,490	8,624	86,403
Long-term liabilities	14,617	22,067	148,758
Long-term loans	1,552	9,118	15,795
Deferred tax liabilities related to land revaluation	1,531	1,532	15,581
Accrued employees' retirement benefits	10,162	10,434	103,419
Other	1,371	983	13,953
Total liabilities	74,142	104,127	754,549
NET ASSETS			
Shareholders' equity	48,914	68,527	497,802
Common stock	5,000	5,000	50,885
Additional paid-in capital surplus	8,284	8,284	84,307
Retained earnings	35,629	55,242	362,599
Valuation and translation adjustments	(417)	3,284	(4,244)
Unrealized holding gains and other securities	369	1,381	3,755
Deferred hedge accounts	—	0	—
Unrealized gains on revaluation of land	2,296	2,297	23,367
Foreign currency translation adjustment	(3,082)	(394)	(31,366)
Minority interests	7,663	6,205	77,987
Total net assets	56,160	78,016	571,545
Total	130,302	182,143	1,326,094

Consolidated Statements of Income

For the two years ended March 31, 2009 and 2008

	Millions of yen				Thousands of U.S. dollars
	2009		2008		2009
Net sales	211,846	100.0%	288,888	100.0%	2,155,974
Cost of sales	190,909		244,077		1,942,896
Selling, general and administrative expenses	20,011		20,960		203,654
Operating costs and expenses	210,921		265,038		2,146,560
Operating income	924	0.4	23,849	8.3	9,404
Interest income	30		61		305
Dividend income	343		287		3,491
Equity in income of affiliates	959		1,360		9,760
Other	541		1,002		5,506
Non-operating profit	1,875		2,711		19,082
Interest expense	375		524		3,816
Foreign exchange loss	237		1,968		2,412
Loss on disposal of tangible fixed assets	1,200		267		12,212
Other	1,580		688		16,080
Non-operating costs and expenses	3,394		3,448		34,541
Non-operating profit (loss)	(1,519)		(737)		(15,459)
Ordinary profit	(594)	(0.3)	23,111	8.0	(6,045)
Gain on sale of fixed assets	—		142		—
Special profit	—		142		—
Loss on sale of fixed assets	114		796		1,160
Loss on sale of investments in securities	13		—		132
Loss on valuation of investments in securities	169		43		1,720
Special loss	296		840		3,012
Special profit (loss)	(296)		(698)		(3,012)
Income before income taxes and minority interests	(891)	(0.4)	22,413	7.8	(9,068)
Income taxes: Current	4,916		4,909		50,031
Income taxes: Deferred	9,400		4,531		95,665
Minority interests in income of consolidated subsidiaries	(2,405)		(2,389)		(24,476)
Net income	(17,613)	(8.3)	10,583	3.7	(179,249)

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2009

Millions of yen

	Common stock	Capital surplus	Retained earnings	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	Total
Balance at March 31, 2008	5,000	8,284	55,242	1,381	0	2,297	(394)	6,205	78,016
Cash dividends	—	—	(2,000)	—	—	—	—	—	(2,000)
Net income for fiscal year 2008	—	—	(17,613)	—	—	—	—	—	(17,613)
Increase due to the change in the number of consolidated subsidiaries	—	—	—	—	—	—	—	—	—
Increase due to reversal of unrealized gains on revaluation of land	—	—	1	—	—	—	—	—	1
Other changes for fiscal 2008 (net)	—	—	—	(1,012)	(0)	(1)	(2,688)	1,458	(2,243)
Total change for this fiscal year 2008	—	—	(19,612)	(1,012)	(0)	(1)	(2,688)	1,458	(21,856)
Balance at March 31, 2009	5,000	8,284	35,629	369		2,296	(3,082)	7,663	56,160

Thousands of U.S. dollars

	Common stock	Capital surplus	Retained earnings	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	Total
Balance at March 31, 2008	50,885	84,307	562,202	14,055	0	23,377	(4,010)	63,149	793,975
Cash dividends	—	—	(20,354)	—	—	—	—	—	(20,354)
Net income for fiscal year 2008	—	—	(179,249)	—	—	—	—	—	(179,249)
Increase due to the change in the number of consolidated subsidiaries	—	—	—	—	—	—	—	—	—
Increase due to reversal of unrealized gains on revaluation of land	—	—	10	—	—	—	—	—	10
Other changes for fiscal 2008 (net)	—	—	—	(10,299)	(0)	(10)	(27,356)	14,838	(22,827)
Total change for this fiscal year 2008	—	—	(199,593)	(10,299)	(0)	(10)	(27,356)	14,838	(222,430)
Balance at March 31, 2009	50,885	84,307	362,599	3,755		23,367	(31,366)	77,987	571,545

Consolidated Statements of Cash Flows

For the two years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash flows from operating activities:			
Income before income taxes and minority interests	(891)	22,413	(9,068)
Depreciation and amortization	8,891	9,406	90,484
Interest and dividend income	(374)	(348)	(3,806)
Interest expense	375	524	3,816
Equity in income of unconsolidated subsidiaries and affiliates	(959)	(1,360)	(9,760)
Loss on sale of fixed assets	114	654	1,160
Changes in notes and accounts receivable-trade and notes and accounts payable-trade	(5,414)	(6,812)	(55,099)
Changes in inventories	2,452	(1,225)	24,954
Other	9,007	(5)	91,665
Subtotal	13,201	23,247	134,348
Interest and dividend income (cash basis)	713	694	7,256
Interest expense (cash basis)	(355)	(571)	(3,613)
Income taxes (cash basis)	(4,488)	(6,165)	(45,675)
Net cash provided by operating activities	9,071	17,205	92,316
Cash flows from investing activities:			
Payments for purchases of tangible fixed assets	(7,035)	(5,439)	(71,596)
Proceeds from sales of tangible fixed assets	82	910	835
Proceeds from transfer of coke operations	—	8,152	—
Proceeds from sale of investment in securities	49	8	499
Other	(309)	(140)	(3,145)
Net cash used in investing activities	(7,212)	3,491	(73,397)
Cash flows from financing activities:			
Increase (decrease) of proceeds from loans and payments of loans	1,100	(19,324)	11,195
Cash dividends paid to minority shareholders	(2,943)	(915)	(29,951)
Net cash used in financing activities	(1,843)	(20,239)	(18,756)
Effect of exchange rate changes on cash and cash equivalents	(132)	(105)	(1,343)
Net increase (decrease) in cash and cash equivalents	(117)	351	(1,191)
Cash and cash equivalents at the beginning of the year	2,480	2,128	25,239
Cash and cash equivalents at the end of the year	2,361	2,480	24,028